

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Department of Public Service  
State of Louisiana  
Baton Rouge, Louisiana

February 5, 2003



***Financial and Compliance Audit Division***

---

---

## **LEGISLATIVE AUDIT ADVISORY COUNCIL**

### **MEMBERS**

**Senator J. "Tom" Schedler, Chairman**  
**Representative Edwin R. Murray, Vice Chairman**

**Senator Robert J. Barham**  
**Senator Lynn B. Dean**  
**Senator Jon D. Johnson**  
**Senator Willie L. Mount**  
**Representative Rick Farrar**  
**Representative Victor T. Stelly**  
**Representative T. Taylor Townsend**  
**Representative Warren J. Triche, Jr.**

### **DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT**

**Albert J. Robinson, Jr., CPA**

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Thirty copies of this public document were produced at an approximate cost of \$104.40. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. A copy of this document is available on the Legislative Auditor's Web site at [www.la.state.la.us](http://www.la.state.la.us).

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne "Skip" Irwin, Director of Administration, at 225/339-3800.

**DEPARTMENT OF PUBLIC SERVICE**  
**STATE OF LOUISIANA**  
Baton Rouge, Louisiana

Special Purpose Financial Statements  
and Independent Auditor's Reports  
As of and for the Year Ended June 30, 2002  
With Supplemental Information Schedules

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.

February 5, 2003

**DEPARTMENT OF PUBLIC SERVICE  
STATE OF LOUISIANA**

Special Purpose Financial Statements  
and Independent Auditor's Reports  
As of and for the Year Ended June 30, 2002  
With Supplemental Information Schedules

**CONTENTS**

	<b>Statement</b>	<b>Page No.</b>
Independent Auditor's Report on the Financial Statements		2
Special Purpose Financial Statements:		
Balance Sheet (Legal Basis) - All Appropriated and Non-Appropriated Funds	A	4
General Appropriation Fund:		
Statement of Revenues, Expenditures, and Changes in Fund Balance (Legal Basis)	B	5
Statement of Revenues, Expenditures, and Unexpended Appropriation - Budget Comparison of Current-Year Appropriation - Budget (Legal Basis) and Actual	C	6
Notes to the Financial Statements		7
	<b>Schedule</b>	<b>Page No.</b>
Supplemental Information Schedules:		
Schedule of Non-Appropriated Revenues - Major State Revenues	1	18
Schedule of Changes in Balance - Non-Appropriated - Agency Fund	2	19
	<b>Exhibit</b>	
Other Report Required by <i>Government Auditing Standards</i> - Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Special Purpose Financial Statements	A	



OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
TELEPHONE: (225) 339-3800  
FACSIMILE: (225) 339-3870

January 21, 2003

Independent Auditor's Report  
on the Financial Statements

**DEPARTMENT OF PUBLIC SERVICE**  
**STATE OF LOUISIANA**  
Baton Rouge, Louisiana

We have audited the accompanying special purpose (legal basis) financial statements of the Department of Public Service, a department within Louisiana state government, as of and for the year ended June 30, 2002, as listed in the foregoing table of contents. These financial statements are the responsibility of management of the Department of Public Service. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1-C to the financial statements, the accompanying special purpose financial statements present only the funds of the Department of Public Service. As such, they present the appropriated and non-appropriated activity of the department that are part of the accounts and fund structure of the State of Louisiana. The appropriated fund reflects appropriated activity of the department that is part of the General Fund (and other funds) of the State of Louisiana. The non-appropriated funds are individual funds of the State of Louisiana not subject to budgetary control. Furthermore, the special purpose financial statements have been prepared on a legal basis of accounting, the purpose of which is to reflect compliance with the annual appropriation act for the appropriated fund and the financial position of the non-appropriated funds. These procedures differ from accounting principles generally accepted in the United States of America as described in the notes to the financial statements. Accordingly, the accompanying special purpose financial statements are not intended to and do not present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

## LEGISLATIVE AUDITOR

### DEPARTMENT OF PUBLIC SERVICE STATE OF LOUISIANA

Audit Report, June 30, 2002

In our opinion, the accompanying special purpose financial statements present fairly, in all material respects, the balances within the appropriated and non-appropriated funds of the Department of Public Service at June 30, 2002, and the transactions of such funds for the year then ended, on the basis of accounting described in note 1-D.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2003, on our consideration of the Department of Public Service's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the accompanying special purpose financial statements of the Department of Public Service taken as a whole. The accompanying supplemental information schedules are presented for the purpose of additional analysis and have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are stated fairly in all material respects in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Department of Public Service and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Grover C. Austin". The signature is fluid and cursive, with the first name "Grover" and last name "Austin" clearly distinguishable.

Grover C. Austin, CPA  
First Assistant Legislative Auditor

BSL:WDD:RCL:ss

[DPS02]

**DEPARTMENT OF PUBLIC SERVICE  
STATE OF LOUISIANA  
ALL APPROPRIATED AND  
NON-APPROPRIATED FUNDS**

**Balance Sheet (Legal Basis), June 30, 2002**

	APPROPRIATED FUND - GENERAL APPROPRIATION	NON-APPROPRIATED FUNDS		TOTAL (MEMORANDUM ONLY)
		MAJOR STATE REVENUES	AGENCY FUND	
<b>ASSETS</b>				
Cash (note 1-E)	\$264,736		\$12,920	\$277,656
Accounts receivable (note 2)	137,576	\$300,994	51,474	490,044
Inventory of materials and supplies (note 1-F)	33,214			33,214
<b>TOTAL ASSETS</b>	<b>\$435,526</b>	<b>\$300,994</b>	<b>\$64,394</b>	<b>\$800,914</b>
<b>LIABILITIES AND FUND EQUITY</b>				
Liabilities:				
Accounts payable	\$103,804		\$64,394	\$168,198
Payroll payable	95,572			95,572
Advance from state treasury (note 7)	5,000			5,000
Due to other funds (note 8)	293,508			293,508
Major state revenues due to state treasury		\$300,994		300,994
Total Liabilities	497,884	300,994	64,394	863,272
Fund Equity - fund balance:				
Reserved for inventory of materials and supplies (note 1-F)	33,214			33,214
Unreserved - undesignated (deficit) (note 10)	(95,572)			(95,572)
Total Fund Equity	(62,358)	NONE	NONE	(62,358)
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$435,526</b>	<b>\$300,994</b>	<b>\$64,394</b>	<b>\$800,914</b>

The accompanying notes are an integral part of this statement.

**DEPARTMENT OF PUBLIC SERVICE  
STATE OF LOUISIANA  
GENERAL APPROPRIATION FUND**

**Statement of Revenues, Expenditures, and  
Changes in Fund Balance (Legal Basis)  
For the Year Ended June 30, 2002**

**REVENUES**

Appropriated by legislature - state General Fund by fees  
and self-generated revenues

\$169,550

**EXPENDITURES**

Administrative

2,115,710

Support services

1,411,024

Motor carrier registration

1,169,959

District offices

1,820,165

Total expenditures

6,516,858

**EXCESS OF EXPENDITURES OVER REVENUES**

(6,347,308)

**OTHER APPROPRIATED FINANCING SOURCES (Uses)**

Transfers in (note 9)

6,630,876

Transfers out (note 9)

(293,508)

Total other appropriated financing sources (uses)

6,337,368

**EXCESS OF EXPENDITURES AND OTHER FINANCING USES  
OVER REVENUES AND OTHER FINANCING SOURCES**

(9,940)

**FUND BALANCE (Deficit) AT BEGINNING OF YEAR**

(54,099)

**INCREASE IN RESERVE FOR INVENTORY**

1,681

**FUND BALANCE (Deficit) AT END OF YEAR**

(\$62,358)

The accompanying notes are an integral part of this statement.



DEPARTMENT OF PUBLIC SERVICE  
STATE OF LOUISIANA  
GENERAL APPROPRIATION FUND

Statement of Revenues, Expenditures, and  
Unexpended Appropriation - Budget  
Comparison of Current-Year Appropriation -  
Budget (Legal Basis) and Actual  
For the Year Ended June 30, 2002

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
Appropriated by legislature:			
State General Fund by fees and self-generated revenues	\$240,000	\$160,499	(\$79,501)
State General Fund by statutory dedication:			
Utility and Carrier Inspection and Supervision Fund	4,744,421	4,508,218	(236,203)
Motor Carrier Regulation Fund	1,365,763	1,255,243	(110,520)
Supplemental Fee Fund	776,328	582,958	(193,370)
Total appropriated revenues	<u>7,126,512</u>	<u>6,506,918</u>	<u>(619,594)</u>
<b>EXPENDITURES</b>			
Appropriated for:			
Administrative	2,266,896	2,110,981	155,915
Support services	1,759,470	1,406,311	353,159
Motor carrier registration	1,215,763	1,169,462	46,301
District offices	1,884,383	1,820,164	64,219
Total appropriated expenditures	<u>7,126,512</u>	<u>6,506,918</u>	<u>619,594</u>
<b>UNEXPENDED APPROPRIATION - CURRENT YEAR</b>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>

The accompanying notes are an integral part of this statement.

**DEPARTMENT OF PUBLIC SERVICE  
STATE OF LOUISIANA**

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2002

**INTRODUCTION**

The Louisiana Department of Public Service is a department within the State of Louisiana reporting entity. The department was created in accordance with Title 36, Sections 721-725 of the Louisiana Revised Statutes of 1950, as a part of the executive branch of government. The Public Service Commission, consisting of five members who are elected from single-member districts, is the governing body of the department. The members are paid a yearly salary of \$45,000 as set by Louisiana Revised Statute (R.S.) 45:1162. The commission is charged with the administration, control, and operation of the functions, programs, and affairs of the department as provided by law. The major objective of the commission is to regulate the rates and service practices of the utility and transportation companies located in the State of Louisiana. Its goal is to secure reasonable service for the public at rates that are fair both to the consumers and to the companies. It also applies model standards and promotes compliance through forced registration and highway enforcement. The department has approximately 120 full-time employees, with work locations varying from the main office in Baton Rouge to the various district offices located throughout the state.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The Governmental Accounting Standards Board (GASB) promulgates accounting principles generally accepted in the United States of America and reporting standards for state and local governments. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. However, the accompanying special purpose financial statements have been prepared on a legal basis prescribed by the Division of Administration, Office of Statewide Reporting and Accounting Policy, which differs from accounting principles generally accepted in the United States of America as described in the following notes.

**B. REPORTING ENTITY**

The State of Louisiana has been determined to be the reporting entity under accounting principles generally accepted in the United States of America. The accompanying financial statements present activity of a department of state government and, therefore, are a part of the funds of the State of Louisiana and its basic financial statements. Annually, the State of Louisiana issues basic financial statements that are audited by the Louisiana Legislative Auditor.

**DEPARTMENT OF PUBLIC SERVICE**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**C. FUND ACCOUNTING**

The Department of Public Service uses fund accounting, along appropriation lines, to reflect its compliance with provisions of the annual appropriation act and to reflect the financial position of its non-appropriated funds. This differs from the fund accounting of accounting principles generally accepted in the United States of America where the intent is to measure the financial position and results of operations of the governmental reporting entity as a whole. Therefore, the funds within the accompanying financial statements have been divided between appropriated and non-appropriated funds and not by the conventional fund types of accounting principles generally accepted in the United States of America.

The funds do not include any noncurrent assets or liabilities. Noncurrent assets, capital assets, and long-term liabilities are reflected in the State of Louisiana's basic financial statements.

The funds presented in the special purpose financial statements are described as follows:

**APPROPRIATED FUND - GENERAL  
APPROPRIATION FUND**

The General Appropriation Fund is the general operating fund of the Department of Public Service. It administers and accounts for the legislative appropriation provided to fund the general administrative expenditures of the department and those expenditures not funded through other specific legislative appropriations or revenues.

**NON-APPROPRIATED FUNDS**

**Major State Revenues**

The department collects major state revenues that are remitted to the state treasury for deposit to statutorily dedicated funds. These amounts are not available to the department for expenditure and, therefore, are not included on Statement B, but are detailed on Schedule 1.

**Agency Fund**

The agency fund is used to account for assets held on behalf of outside parties, including other governments. The agency fund accounts for fees collected for other states under the Motor Carrier Single State Registration Program.

The non-appropriated funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**DEPARTMENT OF PUBLIC SERVICE**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**D. BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The funds in the accompanying financial statements measure the resources provided by the legislature to fund current-year expenditures and the use of those resources by the department.

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements, regardless of the measurement focus applied. The accompanying financial statements reflect revenues and expenditures in accordance with applicable statutory provisions and regulations of the Division of Administration, Office of Statewide Reporting and Accounting Policy.

Under the foregoing legal provisions, the department uses the following practices in recognizing revenues and expenditures:

**Revenues**

Fees and self-generated revenues, statutory dedications, and non-appropriated revenues are recognized in the amounts earned, to the extent that they will be collected within 45 days of the close of the fiscal year.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that obligations of employees' vested annual and sick leave are recognized as expenditures when paid. Furthermore, expenditures of a long-term nature for which funds have not been appropriated during the current year are not recognized in the accompanying financial statements.

**Other Appropriated Financing Sources and Uses**

Transfers are recognized in the year the department is authorized to receive or make the transfer in accordance with provisions of the Division of Administration, Office of Statewide Reporting and Accounting Policy.

**DEPARTMENT OF PUBLIC SERVICE**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**E. CASH**

Cash is composed of the following (book balances):

Under control of the department:	
Petty cash (in bank)	\$343
Cash in demand account	12,920
Cash on deposit with the state treasury	<u>264,393</u>
Total	<u><u>\$277,656</u></u>

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. The department has deposit balances (collected bank balances) of \$61,967 at June 30, 2002, for which the department has control. These deposits are fully secured from risk by federal deposit insurance (GASB Risk Category 1).

Cash balances held and controlled by the state treasurer are secured from risk by the state treasurer through separate custodial agreements, and the risk disclosures required by accounting principles generally accepted in the United States of America are included within the state's basic financial statements. The following is a summary of cash in the state treasury:

Means of finance	\$11,000
ISIS operating	<u>253,393</u>
Total	<u><u>\$264,393</u></u>

**F. INVENTORIES OF MATERIALS AND SUPPLIES**

Inventories for the General Appropriation Fund are valued at cost and are recorded as expenditures at the time individual inventory items are purchased. The department uses a perpetual inventory system and values its inventory using an average valuation method. Reported inventories are equally offset by fund balance reserves that indicate they do not constitute available spendable resources even though they are components of net current assets.

**DEPARTMENT OF PUBLIC SERVICE**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**G. LONG-TERM OBLIGATIONS**

The department is by statute not allowed to incur bonded indebtedness and, therefore, no recognition within the accompanying financial statements is necessary. Furthermore, any long-term obligations of the department arising from lease commitments, judgments, compensated absences, or from any other source are not recognized in the accompanying special purpose financial statements.

**H. BUDGET PRACTICES**

The appropriation made for the general operations of the department is an annual lapsing appropriation valid for one year and is recorded in the General Appropriation Fund. Revenues and expenditures for budget purposes are recognized on the same basis of accounting as described in note 1-D, except that transfers in and out of statutory dedications and returns of appropriation are recognized as revenues on Statement C and the accrual of payroll and related benefits at fiscal year-end are not recognized as expenditures on Statement C.

The revenues and expenditures of the department, as shown on Statement B, are reconciled with the respective amounts shown on Statement C as follows:

Statement B revenues	\$169,550
Transfers in (statutory dedication)	6,630,876
Transfers out (return of appropriation)	<u>(293,508)</u>
Statement C revenues	<u>\$6,506,918</u>
Statement B expenditures	\$6,516,858
Prior-year payroll accrual	85,632
Current-year payroll accrual	<u>(95,572)</u>
Statement C expenditures	<u>\$6,506,918</u>

The department is prohibited by statute from over expending the program levels established in the General Appropriations Act. Budget revisions are granted by the Joint Legislative Committee on the Budget. Interim emergency appropriations may be granted by the Interim Emergency Board. The budget information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

**DEPARTMENT OF PUBLIC SERVICE**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

	Programs				
	Administrative	Support Services	Motor Carrier Registration	District Offices	Total
Original approved budget (Act 12 of 2001)	\$2,111,896	\$1,759,470	\$1,215,763	\$1,884,383	\$6,971,512
Budget adjustments:					
Increase funding for two new positions to implement the "Do Not Call" Program	155,000				155,000
Decrease funding for two positions due to retirement under Act 844 of the 2001 Regular Session		(8,445)	(18,054)		(26,499)
Reinstatement of retired positions		8,445	18,054		26,499
Final Budget	<u>\$2,266,896</u>	<u>\$1,759,470</u>	<u>\$1,215,763</u>	<u>\$1,884,383</u>	<u>\$7,126,512</u>

The non-appropriated funds are not subject to budgetary control.

**I. LEAVE BENEFITS**

Employees earn and accumulate annual and sick leave at various rates depending on their years of service, without limitation on the balance that can be accumulated. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination but are not compensated for unused sick leave. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits. The liability for unused annual leave payable at June 30, 2002, computed in accordance with the *Codification of Governmental Accounting and Financial Reporting Standards* Section C60.104, is estimated to be \$364,873 for the General Appropriation Fund. The leave payable is not accrued (reflected) in the accompanying special purpose financial statements.

Certain employees of the department are eligible to earn compensatory time as defined by the Department of State Civil Service and the Fair Labor Standards Act. These employees can earn and accumulate one hour or one and one-half hours for each hour of overtime worked, depending on their position and rate of pay. Generally, the employees are allowed to carry up to 360 hours of accrued compensatory leave from one calendar year to another. The liability for accrued compensatory leave at June 30, 2002, computed in accordance with the *Codification of Governmental Accounting and Financial Reporting Standards* Section C60.104, is estimated to be \$1,680 for the General Appropriation Fund. Accumulated compensatory leave is not accrued (reflected) in the accompanying special purpose financial statements.

**DEPARTMENT OF PUBLIC SERVICE**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**J. TOTAL COLUMN ON BALANCE SHEET**

The total column on the balance sheet is captioned Memorandum Only (overview) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations. Neither is such data comparable to a consolidation.

**2. ACCOUNTS RECEIVABLE**

The following schedule presents the adjustments necessary to convert modified accrual basis accounts receivable, as shown in Statement A and the schedules, to full accrual basis accounts receivable as required by the Office of Statewide Reporting and Accounting Policy.

<u>Source</u>	Accounts Receivable - Modified Accrual Basis	Full Accrual Adjustment	Allowance for Doubtful Accounts	Accounts Receivable, Net - Full Accrual Basis
Appropriated revenues:				
Fees and self-generated revenues	\$2,400	\$22,402	(\$18,662)	\$6,140
Transfers from statutorily dedicated funds	130,519			130,519
Petty cash pending reimbursement	4,657			4,657
Total appropriated revenues	<u>137,576</u>	<u>22,402</u>	<u>(18,662)</u>	<u>141,316</u>
Non-appropriated revenues and additions:				
Major state revenues	300,994			300,994
Agency fund	51,474			51,474
Total non-appropriated revenues	<u>352,468</u>	<u>NONE</u>	<u>NONE</u>	<u>352,468</u>
Total	<u>\$490,044</u>	<u>\$22,402</u>	<u>(\$18,662)</u>	<u>\$493,784</u>

**3. PENSION PLAN**

Substantially all employees of the department are members of the Louisiana State Employees Retirement System, a cost-sharing, multiple-employer defined benefit pension plan, administered by a board of trustees. Required disclosures for the plan for fiscal year 2002 are included in the Louisiana Comprehensive Annual Financial Report prepared by the Louisiana Division of Administration, Post Office Box 94095, Baton Rouge, Louisiana 70804-9095.



**DEPARTMENT OF PUBLIC SERVICE**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**4. POSTRETIREMENT HEALTH CARE  
AND LIFE INSURANCE BENEFITS**

The department provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the department's employees become eligible for these benefits if they reach normal retirement age while working for the department. These benefits for retirees and similar benefits for active employees are provided through the state's Group Benefits self-insurance program or one of the HMOs authorized by the program. Monthly premiums are paid jointly by the employee and the department. The department's costs of providing retiree health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the year ended June 30, 2002, the cost of retiree benefits totaled \$94,815 for 29 retirees. The cost of retirees' benefits is net of the participants' contributions.

**5. JUDGMENTS, CLAIMS, AND  
SIMILAR CONTINGENCIES**

Obligations and losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund or by General Fund appropriation and are not reflected in the accompanying special purpose financial statements. The self-insurance fund is operated by the Office of Risk Management, the state agency responsible for the state's self-insurance program.

**6. LEASE OBLIGATIONS**

The department has various noncancelable operating leases for office space. The future annual operating lease payments are presented as follows:

Fiscal Year Ending June 30:	
2003	\$300,569
2004	54,385
2005	32,553
2006	32,553
2007	28,960
2008-2012	<u>1,515</u>
Total	<u><u>\$450,535</u></u>

The lease agreements have non-appropriation exculpatory clauses that allow for lease cancellation if the Louisiana Legislature does not make an appropriation for their continuation during any future fiscal year. Rental and lease expenditures for fiscal year ended June 30, 2002, totaled \$550,430. There were no capital leases for fiscal year ended June 30, 2002.

**DEPARTMENT OF PUBLIC SERVICE**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**7. ADVANCE FROM STATE TREASURY**

The department received an advance from the state treasury for imprest fund operations totaling \$5,000, as authorized by the commissioner of administration in accordance with Title 39 of the Louisiana Revised Statutes. The fund is permanently established and is periodically replenished from the appropriated funds.

**8. DUE TO OTHER FUNDS**

As shown on Statement A, the department has \$293,508 due to other funds. The amount represents a return of appropriation of statutorily dedicated and self-generated funds during the 45-day close period.

**9. TRANSFERS IN/OUT**

Transfers in of \$6,630,876, as shown on Statement B, represents warrants drawn from statutorily dedicated funds. Transfers out of \$293,508 represents a return of appropriation of statutorily dedicated and self-generated funds.

**10. FUND BALANCE - UNRESERVED -  
UNDESIGNATED (DEFICIT)**

As shown on Statement A, the General Appropriation Fund has an unreserved - undesignated fund deficit of \$95,572 at June 30, 2002. The deficit was the result of the recognition of accrued salaries and related benefits as required by the Office of the Governor, Division of Administration, and the fact that revenues to fund those accruals are appropriated in the subsequent fiscal year. The deficit will be resolved by paying for salaries and related benefits from fiscal year 2003 funds appropriated to pay those obligations of the 2001-2002 fiscal year.

**11. EXPENDITURES PAID BY OTHERS**

Certain professional service expenditures of the department are paid by various companies and/or cooperatives providing public service or utilities in the state. The payment of these expenditures by these public utilities is authorized by R.S. 45:1180-1181. The services are provided to the department for the purpose of assisting in evaluating and reviewing matters affecting services and rates charged by public utilities to Louisiana consumers and for representing the Public Service Commission in such cases, or the judicial review thereof. These expenditures incurred in the fiscal year ended June 30, 2002, and which are not included in the accompanying financial statements, are summarized as follows:

Attorneys	\$2,297,158
Consultants	<u>1,279,303</u>
Total	<u><u>\$3,576,461</u></u>

**DEPARTMENT OF PUBLIC SERVICE**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Concluded)

**12. DEFERRED COMPENSATION PLAN**

Certain employees of the department participate in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of Internal Revenue Code Section 457. Complete disclosures relating to this statewide Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

**DEPARTMENT OF PUBLIC SERVICE  
STATE OF LOUISIANA  
SUPPLEMENTAL INFORMATION SCHEDULES  
For the Year Ended June 30, 2002**

**SCHEDULE OF NON-APPROPRIATED REVENUES -  
MAJOR STATE REVENUES**

Schedule 1 reflects major state revenues collected by the department during the year ended June 30, 2002, that were not available to the department for expenditure.

**SCHEDULE OF CHANGES IN BALANCES**

Schedule 2 presents the changes in balances for the non-appropriated funds for the year ended June 30, 2002.

**DEPARTMENT OF PUBLIC SERVICE  
STATE OF LOUISIANA  
MAJOR STATE REVENUES**

**Schedule of Non-Appropriated Revenues  
For the Year Ended June 30, 2002**

<u>NON-APPROPRIATED REVENUE FUND SOURCE</u>	<u>CASH RECEIPTS THROUGH JUNE 30, 2002</u>	<u>ACCOUNTS RECEIVABLE AT JUNE 30, 2002</u>	<u>TOTAL REVENUES</u>
Major state revenues:			
Motor carrier fees	\$5,855,924	\$68,232	\$5,924,156
Common carrier certificate	16,200	200	16,400
Contract carrier certificate	1,100		1,100
Lease filing	14,085	795	14,880
Rate application - increase	50	25	75
Rate application - decrease	10		10
Lobbyist registration	110		110
Name change	1,000		1,000
Rate application - utilities	825	50	875
Rehearing application	200		200
Stock transfer	300		300
Fines - citations	230	10	240
Fines - late filings	48,560	500	49,060
Fines - illegal operations	2,510,612	228,295	2,738,907
Sales non-state agency - merchandise and commodities	240		240
Sales non-state agency - services	9,373	2,137	11,510
Certification fee	22,250	750	23,000
	<u>22,250</u>	<u>750</u>	<u>23,000</u>
Total non-appropriated state revenues	<u>\$8,481,069</u>	<u>\$300,994</u>	<u>\$8,782,063</u>

DEPARTMENT OF PUBLIC SERVICE  
STATE OF LOUISIANA  
NON-APPROPRIATED - AGENCY FUND

Schedule of Changes in Balance  
For the Year Ended June 30, 2002

	AGENCY FUND
<b>BALANCE AT BEGINNING OF YEAR</b>	<u>\$12,784</u>
<b>ADDITIONS</b>	
Motor Carrier Single State Registration Program - other states	851,516
Refunds	231
Motor Carrier Single State Registration Program - Louisiana	<u>5,872,681</u>
Total additions	<u>6,724,428</u>
<b>DEDUCTIONS</b>	
Motor Carrier Single State Registration Program - other states	858,264
Refunds	225
Motor Carrier Single State Registration Program - Louisiana	<u>5,865,803</u>
Total deductions	<u>6,724,292</u>
<b>BALANCE AT END OF YEAR, BEFORE ACCRUALS</b>	<u>12,920</u>
<b>RECEIVABLES</b>	
Motor Carrier Single State Registration Program - Louisiana	<u>51,474</u>
<b>PAYABLES</b>	
Motor Carrier Single State Registration Program - other states	5,594
Refunds	5
Motor Carrier Single State Registration Program - Louisiana	<u>58,795</u>
Total payables	<u>64,394</u>
<b>BALANCE AT END OF YEAR</b>	<u><u>NONE</u></u>

**OTHER REPORT REQUIRED BY**  
***GOVERNMENT AUDITING STANDARDS***

The following pages contain a report on compliance with laws and regulations and on internal control over financial reporting as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.



OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
TELEPHONE: (225) 339-3800  
FACSIMILE: (225) 339-3870

January 21, 2003

Report on Compliance and on Internal Control Over Financial  
Reporting Based on an Audit of the Special Purpose Financial Statements  
Performed in Accordance With *Government Auditing Standards*

**DEPARTMENT OF PUBLIC SERVICE**  
**STATE OF LOUISIANA**  
Baton Rouge, Louisiana

We have audited the special purpose (legal basis) financial statements of the Department of Public Service, a department within Louisiana state government, as of and for the year ended June 30, 2002, and have issued our report thereon dated January 21, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Department of Public Service's special purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Department of Public Service's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



**LEGISLATIVE AUDITOR**

**DEPARTMENT OF PUBLIC SERVICE  
STATE OF LOUISIANA**

Compliance and Internal Control Report

January 21, 2003

Page 2

The Legislative Auditor is currently conducting a performance audit of the Department of Public Service. Certain compliance issues have arisen as a part of that audit. This report does not reflect the results and conclusions resulting from this other audit.

This report is intended solely for the information and use of the Department of Public Service and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Grover C. Austin". The signature is fluid and cursive, with the first name "Grover" and last name "Austin" clearly distinguishable.

Grover C. Austin, CPA  
First Assistant Legislative Auditor

BSL:WDD:RCL:ss

[DPS02]